

Title 22
Employment Training Panel
Article 2

§4409. Special Employment Training Projects.

- (a) The Panel may allocate up to ~~20~~ ten (10) percent of the annually available training funds for Special Employment Training (SET) projects to improve the skills and employment security of frontline workers, as defined in §4400(ee), who earn at least the state average hourly wage, except as provided in subparagraphs (a)(4), (5), and (6), and paragraph (b) of this section. These projects are not subject to the out-of-state competition requirement specified in §4416. Nor are participants in these projects subject to the eligibility provision of §10201(c) of the Unemployment Insurance (UI) Code. The Panel shall annually identify industries and occupations that are priorities for funding under this SET category, as specified in the Panel's Strategic Plan. The minimum standards for consideration of proposals to be funded are:
- (1) Each project shall be funded for no more than \$500,000. ~~However, at the discretion of the Panel, this cap may be withdrawn during any fiscal year.~~ The Panel may waive the cap for individual SET projects at any time, upon a showing of good cause by the contractor.
- (2) A contractor shall be funded with SET funds only once. The Panel, upon a showing of good cause by the contractor, may fund the same SET contractor for a subsequent project.
- (3) Each project must result in full-time employment, as defined by §4400(h), for all who successfully complete training, ~~except as otherwise specified for participants under subparagraphs (b)(5) those receiving small business skills training as provided under paragraph (b) of this section.~~
- (4) ~~Minimum wage requirements must be met, except as otherwise specified for participants under subparagraphs (b)(1) and (b)(5) of this section.~~ The Panel may fund up to 20 percent of funds annually available for SET projects for frontline workers who earn less than the state average hourly wage, but who earn at least the ETP minimum wage, as provided in UI Code Section 10201(f), and who have multiple barriers which prevent them from fully participating in the labor force as a result of physical disability, lack of communication skills or literacy, or similar factors. In such

cases, the applicant must demonstrate how the training will help the trainees overcome the barriers identified.

- (A) The Panel may exempt projects in this group from the limitations imposed on Panel funded literacy training under §4420, up to 100 percent of the total vocational skills training hours per trainee.

(5) ~~SET retraining projects need not meet the out-of-state-competition requirement applicable to eligibility for other Panel projects, as specified in §4416, nor must potential contractors satisfy the requirement applicable to other Panel contractors that business meet one of three additional retraining certification requirements, i.e., (1) its workers are in danger of being displaced; (2) company changing to become a high-performance work place; or (3) company diversifying products or services.~~ The Panel may fund projects developed jointly with the Employment Development Department, under California Career Ladders to the 21st Century, to provide workers in low-wage jobs the skills necessary to advance to higher paying jobs in industries with the potential for career advancement opportunities. The industries in which trainees are employed must have previously demonstrated career paths with a clear career advancement structure, and the participating employer(s) must show a long-term commitment to training.

- (A) The Panel may waive the ETP minimum wage requirements, as provided in UI Code Section 10201(f), for frontline workers in projects under this group.
- (B) The Panel may exempt projects in this group from the limitations imposed on Panel funded literacy training under §4420, up to 100 percent of the total vocational skills training hours per trainee.
- (C) The 90 day post-training employment retention period for trainees in this group may be completed with up to two participating eligible employers within 120 days, within the same ~~discrete discreet~~ industry, if there is evidence of job security at the end of the retention period. The Panel may, upon a showing of good cause by the contractor, allow for the employment retention period to be completed with three employers, within the same ~~discrete discreet~~ industry.

(6) ~~The Panel may exempt projects from meeting the workforce training requirements of §4415 which, in part, places a 40 percent cap on the number of managers who may receive training under SET projects funded under the provisions of paragraph (b)(2), (3), (4), and (5) of this~~

~~section. The Panel may waive the ETP minimum wage requirements, as provided in UI Code Section 10201(f), for frontline workers in high unemployment areas regions of the State, as defined in §4400(ii) where the unemployment rate is significantly higher than the State average.~~

~~(A) The 90 day post-training employment retention period for trainees in this group may be completed with up to two participating eligible employers within 120 days, if there is evidence of job security at the end of the retention period. The Panel may, upon a showing of good cause by the contractor, allow for the employment retention period to be completed with three employers.~~

~~(7) A training proposal developed and approved under this section shall meet all Panel requirements not otherwise modified or exempted by this section.~~

~~(b) Projects meeting the requirements of paragraph (a) of this section must qualify for funding under one of the six criteria set forth below. Standard trainee eligibility criteria shall be waived for participants in SET projects funded pursuant to this subsection, paragraphs (1) thru (5).~~

~~(1) Training projects supporting retraining for frontline workers who directly produce or deliver goods or services, in occupations that pay at least 95 percent of the state average hourly wage, in businesses difficult to serve under the Panel's standard project format. The Panel may consider the dollar value of health benefits that are voluntarily paid for by an employer when computing earnings to meet the minimum wage requirements.~~

~~(2) Training projects to encourage the development of new industries that contribute to high-skilled employment and economic vitality in California.~~

~~(A) Applicants must provide evidence the proposed project is for training in a new and/or emerging industry where a potential for secure, high-wage, high-technology jobs exists.~~

~~(B) The Panel may allocate funds for the development of training materials and training programs, in the absence of such training program models.~~

~~(3) Training projects serving workers affected by defense industry cutbacks and military base closures, including former federal employees.~~

~~(A) Projects funded under this category must address training for workers affected by defense cutbacks and military base closures not otherwise eligible for Panel funding, including training of workers for businesses in surrounding area adversely affected by those factors.~~

~~(B) Proposals for funding must provide evidence that the contractor and its workers adversely affected by base closures or defense cutbacks.~~

~~(4) Training projects to stabilize employment in fields with a deficit of trained employees and clear career advancement opportunities.~~

~~(A) Projects funded under this category must provide evidence the employment field for which training is proposed has a deficit of trained employees. Such evidence may consist of industry data from the Employment Development Department (EDD), Labor Market Information Division (LMID), according to Standard Metropolitan Statistical Areas, or other reliable industry data. The contractor also must provide evidence of career advancement opportunities in the occupation and/or field for which training is proposed.~~

(b) (5) The Panel may allocate SET funds for fund training in certain small business skills training commonly known as "entrepreneurial training" to small business owners who meet the definition of frontline workers under §4400(ee)(4), under the following conditions:

~~A) Small business owners having at least one full-time employee, but fewer than ten full-time employees (as defined by §4400 (h)), are eligible to participate in the SET entrepreneurial training program.~~

(1)(B) For the purposes of this subsection the following definitions of "owner" and "employee" shall apply:

(A) 1. The owner must be registered as a California employer with the Employment Development Department and must be currently subject to the unemployment insurance (UI) tax on behalf of the business' employees. An "owner" is defined as: one or more individuals each having all or a substantial (at least 20%) financial investment in a business; and, who is (are) directly involved full-time in the day-to-day operation of the business.

(B) 2. The spouse of an "owner" also qualifies as an "owner" if the spouse is directly involved in the day-to-day operation of the business.

(C) 3. An "employee" is an individual receiving monetary compensation while working full-time for a business, and the business is paying into the Unemployment Insurance (UI) fund (subject to the Employment Training Tax) on behalf of the employee for at least six months prior to the first day of training for the owner. For purposes of this subsection an individual cannot be leased or assigned from a temporary employment agency or other provider as an employee.

(D) 4. The owner shall not be counted as an employee of the business to meet the number of full-time employees requirement.

~~(C) The owner must be a registered California employer and currently paying into the UI fund on behalf of the business' employees.~~

(2)~~(D)~~ Wages after training are not relevant to SET entrepreneurial small business owner training, since owners typically do not receive an hourly wage.

(3)~~(E)~~ Training must be in business management and/or other related skills needed to operate a successful business, including but not limited to developing subjects such as: accounting, writing a business plan and/or marketing plan, tax requirements, and permit and licensing procedures, and marketing.

~~1. The training itself may take place at any time that is agreeable to both the owner/trainee and the training provider.~~

~~2. The owner(s)/trainee(s) are considered retrainees for purpose of Panel funding.~~

~~(F) Owners certify to their eligibility for SET entrepreneurial training by submitting, on Entrepreneurial Training Certification, Form ETP 82 (3/97) prescribed by the Panel and incorporated by reference, that he or she is an owner of the business and the business employees at least one full-time but fewer than 10 full-time employees, is actively involved full-time in the day-to-day operation of the business and will have paid into the UI fund on behalf of the business's employees for at least six months immediately prior to the first day of training for the owner.~~

- ~~(4)(G)~~ In addition to other requirements of the contract, to qualify for reimbursement, an owners must certify at completion of the training that they he/she employs at least the same number of employees on the 91st day after the completion of the owner's training as were employed at the start of the owner's training.
- ~~(H)~~ Training agencies and/or consortia otherwise qualified as eligible contractors may provide the entrepreneurial training provided herein. Contractors may require a refundable security deposit from SET entrepreneurial project participants to guarantee their participation.
- ~~(I)~~ All SET entrepreneurial proposals shall include the contractor's plan for identification and collection of appropriate program data in order to assist the Panel in evaluating these projects.
- ~~(6)~~ Contractors seeking funding to train individuals with barriers to full-time employment are subject to the following:
- ~~(A)~~ Contractor must demonstrate that the training is for individuals with barriers to full-time employment, which includes persons who do not have the skills or the means to readily enter and/or fully participate in the labor force as a result of a physical disability, lack of training, lack of communication skills or literacy, or other similar factors.
- ~~(B)~~ Individuals who have at least two identified barriers to employment will be considered eligible for training under this subparagraph. Projects which target individuals with at least three identified barriers will receive a priority for funding over other projects in this subsection.
- ~~(C)~~ The Panel may consider a variance to the minimum required wage for trainees.
- ~~(D)~~ The Panel may exempt projects in this group from the limitations imposed on Panel funded literacy training under §4420.
- ~~(E)~~ The 90 day post-training employment retention period required to earn any funds under the project may be completed with up to two participating eligible employers within 120 days, if there is evidence of job security at the end of the retention period. The Panel may, upon a showing of good cause by the contractor, allow for the employment retention period to be completed with three employers.

- ~~(F) The Panel may allocate funds for child care and transportation costs for trainees in projects under this subsection, as necessary. At the same time, preference will be given to contractors that can provide trainees with comprehensive support services (such as child care assistance and transportation) necessary to successfully complete training, overcome barriers to employment, secure gainful employment and become self-sufficient.~~
- (c) A training proposal developed and approved under this section shall meet all Panel requirements not otherwise modified or exempted by this section.

Authority: Section 10205(~~f~~ m), Unemployment Insurance Code.

Reference: Sections 10200(a), 10201(c), (f), and 10214.5, Unemployment Insurance Code.

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